

Message Text

CONFIDENTIAL

PAGE 01 BRUSSE 06783 01 OF 02 051656Z

47

ACTION L-03

INFO OCT-01 EUR-25 ISO-00 CEA-02 FRB-03 FCSC-01 EB-11

CIAE-00 INR-11 NSAE-00 RSC-01 SS-20 NSC-07 CIEP-03

SP-03 OMB-01 TRSE-00 DRC-01 /093 W

----- 036815

R 051406Z SEP 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 1934

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMCONSUL ZURICH

C O N F I D E N T I A L SECTION 1 OF 2 BRUSSELS 6783

BONN FOR CROWLEY

E.O. 11652: GDS

TAGS: PFOR, EFIN, BE, CZ

SUBJECT: GOLD TRANSFER TO CZECHS

REF: BRUSSELS 6512

1. FOLLOWING LETTER RECEIVED SEPTEMBER 5 FROM COLONEL
J. WATSON, SECRETARY-GENERAL, TRIPARTITE COMMISSION FOR THE
RESTITUTION OF MONETARY GOLD, 28 RUE JOSEPH II, 1040 BRUXELLES:

2. QUOTE: DEAR MR. HEIMANN: PLEASE FIND HEREUNDER MY
INFORMAL AND CONFIDENTIAL REPLY TO YOUR LETTER OF AUGUST 22
AND ENCLOSURE. AS AGREED, I AM SENDING A COPY TO YOUR TWO
COLLEAGUES.

3. I SEE THAT IT IS PROPOSED THAT THE PROCEDURE DESCRIBED
IN PARAGRAPHS 3, R AND 5 OF ANNEX A SHOULD TAKE PLACE AT
ONE SITTING OF THE COMMISSION AND THAT IT IS INTENDED
THAT THE COMMISSION'S ADJUDICATION ON THE CZECH CLAIMS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRUSSE 06783 01 OF 02 051656Z

SHOULD BE SIGNED BY THE AMERICAN COMMISSIONER AT THAT

SITTING.

4. THIS RAISES A SOMEWHAT DIFFICULT QUESTION. THE PAGES OF THE ORIGINAL ADJUDICATION, IN FRENCH AND IN ENGLISH, HAVE, PURPOSELY, BEEN LEFT LOOSE. IT WAS INTENDED THAT, AS SOON AS THE AMERICAN COMMISSIONER SIGNIFIED HIS WILLINGNESS TO SIGN, THE LAST PAGE IN ENGLISH AND THE LAST PAGE IN FRENCH WOULD BE SENT TO THE CHAIRMAN IN PARIS FOR SIGNATURE AND SIGNED, THERE AFTER, BY HIS TWO COLLEAGUES AND BY MYSELF IN BRUSSELS. THEY WOULD THEN HAVE BEEN REPRODUCED AT THE AMERICAN EMBASSY IN SUFFICIENT NUMBERS TO COMPLETE THE ANNEXES, AT PRESENT IN THE SECRETARIAT, TO THE THREE GOVERNMENTS REPORT TO THE SIGNATORIES OF THE PARIS AGREEMENT. THE PAPER TO BE USED FOR THIS PURPOSE, FURNISHED BY THE AMERICAN EMBASSY, IS IN THE SECRETARIAT AND, IN VIEW OF THE NUMBERS, HELP WOULD BE NEEDED FOR THE STAPLING. THE TWO COPIES OF THE ORIGINAL ADJUDICATIONS, COMPLETE, WITH SIGNATURES, WOULD THEN BE STAPLED AND BOUND, AS HAS BEEN DONE IN THE CASE OF ALL THE OTHER ADJUDICATIONS. THE COVERS, TAPES AND SEALS ARE IN THE SECRETARIAT AND THIS SOMEWHAT DELICATE WORK HAS BEEN DONE, UP TO NOW BY MONSIEUR JACQMOR.

5. THE DIFFICULTY MIGHT, PERHAPS, BE TURNED IF YOU WERE AUTHORIZED TO SIGN AT SOME EARLIER DATE.

6. IN THIS SAME PROCEDURE, WHICH I PRESUME THE COMMISSION WILL WISH TO EXAMINE AT A MEETING, I SEE THAT NO ONE, ON THE CZECH SIDE, WILL BE GIVEN TIME TO READ THE ADJUDICATION, WHICH THE CZECH AMBASSADOR WILL BE EXPECTED TO TAKE OVER AT THE SITTING. IN ALL THE OTHER CASES, UP TO NOW, THE COMMISSION'S NOTIFICATION OF ITS ADJUDICATION AND ANNOUNCEMENT OF A FURTHER SHARE HAVE BEEN ADDRESSED TO THE AMBASSADOR OF THE SUCCESSFUL CLAIMANT COUNTRY, IN BRUSSELS, AND A CERTAIN PERIOD, SOMETIMES LENGTHY, HAS ELAPSED BEFORE THE GOVERNMENT CONCERNED HAS DESIGNATED THE INSTITUTION IN WHOSE NAME THE DELIVERY ORDER SHOULD BE DRAWN UP AND EMPOWERED A REPRESENTATIVE TO RECEIVE IT. SUCH ACTION HAS ALWAYS

CONFIDENTIAL

PAGE 03 BRUSSE 06783 01 OF 02 051656Z

BEEN CONSIDERED BY THE COMMISSION AS IMPLYING ACCEPTANCE OF THE ADJUDICATION. IN VIEW OF THE DIFFICULTY IN GETTING ALL THREE COMMISSIONERS TOGETHER, IT HAS ALWAYS BEEN LEFT TO ME TO RECEIVE THE REPRESENTATIVES (USUALLY AMBASSADORS) AND HAND THEM THE DELIVERY ORDERS, AGAINST RECEIPT WITNESSED BY MYSELF. IT SO HAPPENS THAT, EXCEPTIONALLY, IN THIS CASE, THE ADJUDICATION CONTAINS TWO DECISIONS, ONE OF THEM UNIQUE AND OF SOME

IMPORTANCE (CONCERNING A RECOVERY OF GOLD BY CZECHOSLOVAKIA FROM SWITZERLAND) WHICH MIGHT, POSSIBLE, IN NORMAL CIRCUMSTANCES, BE QUERIED. THERE APPEARS TO BE NOTHING, IN THE PROCEDURE OUTLINED IN ANNEX A, TO PREVENT CZECHOSLOVAKIA FROM TAKING OVER THE ADJUDICATION AND THE DELIVERY ORDER AND QUERYING THE CONTENTS OF THE ADJUDICATION AT A LATER DATE. THEY ARE AWARE THAT THEIR CLAIMS HAVE NOT BEEN FOUND ESTABLISHED IN THEIR ENTIRETY SINCE THEY WERE INFORMED, BY THE BRITISH AND FRENCH GOVERNMENTS, PROBABLY IN 1958, OF THE AMOUNT FOUND ESTABLISHED, AT THE SAME TIME AS THEY WERE TOLD THAT THE BRITISH AND FRENCH WERE PREPARED TO SIGN.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BRUSSE 06783 02 OF 02 051647Z

47

ACTION L-03

INFO OCT-01 EUR-25 ISO-00 CEA-02 FRB-03 FCSC-01 EB-11

CIAE-00 INR-11 NSAE-00 RSC-01 SS-20 NSC-07 CIEP-03

SP-03 OMB-01 TRSE-00 DRC-01 /093 W

----- 036695

R 051406Z SEP 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 1935

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMCONSUL ZURICH

C O N F I D E N T I A L SECTION 2 OF 2 BRUSSELS 6783

THEY WERE NOT GIVEN AN EXPLANATION, HOWEVER. THE COMMISSION MAY CARE TO CONSIDER WHETHER ADVANTAGE SHOULD OR SHOULD NOT BE TAKEN OF THE SPECIAL CIRCUMSTANCES TO TRY AND OBTAIN AN ACCEPTANCE OF THE CONTENTS OF ITS ADJUCATION. THE COMMISSION'S ANNOUNCEMENT, FOR INSTANCE, MIGHT SAY "UPON RECIEPT OF YOUR GOVERNMENT'S ACCEPTANCE OF ITS FINDINGS, THE COMMISSION WILL BE PLEASED TO ISSUE A DELIVERY ORDER FOR . . ." AND THE AMBASSADOR'S REPLY INDICATING THAT THE ORDER SHOULD BE

DRAWN UP IN THE NAME OF THE CZECH MINISTRY OF FINANCE
MIGHT CONTAIN SUCH ACCEPTANCE.

7. WITH REGARD TO THE OPENING OF AN ACCOUNT IN THE
NAME OF THE COMMISSION AT THE SWISS BANK CORPORATION,
I VENTURE TO SUGGEST THAT, IF THIS HAS NOT ALREADY BEEN
DONE, A RELIABLE BANKING EXPERT SHOULD BE CONSULTED,
WITH A VIEW TO ASCERTAINING WHETHER SUCH AN ACCOUNT
WOULD BE 100 PERCENT VALID AND IMMUNE FROM ATTACHMENT OR
INTERFERENCE IN SWITZERLAND. I SAY THIS BECAUSE THE
BANKING EXPERTS OF OUR THREE COUNTRIES, AFTER
CAREFUL CONSIDERATION, ALL GAVE DIFFERENT SOLUTIONS IN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRUSSE 06783 02 OF 02 051647Z

A SIMILAR CASE. THE ACCOUNT AT THE BANK OF ENGLAND IS
IN THE NAME OF H.M. TREASURY ON ACCOUNT OF THE THREE
GOVERNMENTS. THE ACCOUNT AT THE FEDERAL RESERVE BANK
OF NEW YORK IS IN THE NAME OF THE COMMISSION. THE
ACCOUNT AT THE "BANQUE DE FRANCE", NOW CLOSED, WAS IN
THE NAME OF THE ADMINISTRATION OF THE GOLD POOL
AND SPECIAL LETTERHEADS HAD TO BE USED TO OPERATE IT.
WHEN THE COMMISSION ARRIVED IN BRUSSELS, IT WAS FOUND
THAT IT HAD NO LEGAL STANDING. A SPECIAL LAW HAD TO
BE VOTED RECOGNISING IT AS A LEGAL ENTITY AND CONFERRING
UPON IT THE SAME IMMUNITIES AND PRIVILEGES AS ARE
AFFORDED TO THE UNITED NATIONS ORGANISATIONS AND ITS
MEMBERS. HENCE MY DIPLOMATIC IDENTITY CARD. AN
ACCOUNT AT THE "BANQUE NATIONALE" WOULD BE ABSOLUTELY
SECURE.

8. I, ALSO, VENTURE TO SUGGEST THAT THE SITUATION SHOULD
BE EXPLAINED TO BANK OF ENGLAND AND THE FEDERAL
RESERVE BANK OF NEW YORK AND THAT THEY SHOULD BE ASKED
IN WHAT TERMS THEY WOULD LIKE THE COMMISSION TO DRAW
UP ITS INSTRUCTIONS FOR THE TRANSFERS AND WHAT THE
STATUS OF THE GOLD WOULD BE IN TRANSIT. THEY SHOULD,
ALSO, BE ASKED TO MAKE A GENEROUS ESTIMATE OF COSTS,
WHICH THE CZECH GOVERNMENT WOULD BE REQUESTED (SEE
LINE 4, PARAGRAPH 1, PAGE 2, OF ITS NOTE) TO PAY IN
ADVANCE TO THE RESPECTIVE CURRENT ACCOUNTS, SUBJECT TO
ADJUSTMENTS IN DUE COURSE. THE COMMISSION HAS NOT GOT
ENOUGH MONEY IN ITS TWO CURRENT ACCOUNTS TO ADVANCE
COSTS ANYWAY.

9. TO AVOID ANY MISUNDERSTANDING, THE CZECHS SHOULD,
PERHAPS, BE WARNED THAT THE AMOUNT TRANSFERRED MAY
BE SLIGHTLY UNDER 18,400 KILOGRAMS, BUT THAT THEIR
ACCOUNT AT THE COMMISSION WILL ONLY BE DEBITED WITH THE
AMOUNT ACTUALLY TRANSFERRED. IT IS PRACTICALLY
IMPOSSIBLE FOR A CENTRAL BANK TO MAKE UP A DEFINITE

QUANTITY FROM GOLD BARS. THE INSTRUCTION READS,
"AS NEAR AS POSSIBLE TO, BUT NOT MORE THAN..."

10. A POINT WHICH MUST BE BORNE IN MIND IS THE FACT
THAT THERE ARE CZECH DUCATS SET ASIDE AT THE BANK OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BRUSSE 06783 02 OF 02 051647Z

ENGLAND FOR EVENTUAL DELIVERY TO CZECHOSLOVAKIA.

11. ALL THAT I SAY ABOVE IS, OF COURSE, SUBJECT
TO THE COMMISSION'S APPROVAL. YOURS SINCERELY,
JOHN A. WATSON, SECRETARY-GENERAL. END QUOTE.

12. COMMENTS BY SEPTTEL, FIRESTONE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENT DRAFT, GOLD TRANSACTIONS, MEETINGS, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRUSSE06783
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740246-0687
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740974/aaaackdp.tel
Line Count: 241
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: BRUSSELS 6512
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2002 by collinp0>; APPROVED <27 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOLD TRANSFER TO CZECHS
TAGS: PFOR, EFIN, BE, CZ, (WATSON, J), (HEIMANN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005